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Audit Of The Senate Recording Studio Revolving Fund For Fiscal Year 1971

B-125079

United States Senate

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BY THE COMPTROLLER GENERAL
OF THE UNITED STATES

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NOV. 15, 1971

B-125079



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-125079

Dear Mr. Dunphy:

This is our report on an audit of the Senate Recording Studio Revolving Fund for the fiscal year 1971. The audit was made pursuant to your request dated June 28, 1971.

Sincerely yours,

A handwritten signature in dark ink, reading "James B. Stacks". The signature is written in a cursive style with a large initial "J".

Comptroller General
of the United States

The Honorable Robert G. Dunphy
Sergeant at Arms
United States Senate

COMPTROLLER GENERAL'S
REPORT TO THE SERGEANT
AT ARMS, UNITED STATES
SENATE

AUDIT OF THE SENATE RECORDING STUDIO, REVOLVING
FUND, FISCAL YEAR 1971 B-125079

D I G E S T

WHY THE AUDIT WAS MADE

The General Accounting Office (GAO) made an audit of the Senate Recording Studio Revolving Fund pursuant to a request dated June 28, 1971, by the Sergeant at Arms, United States Senate.

FINDINGS AND CONCLUSIONS

In GAO's opinion the accompanying financial statements (schs. 1, 2, and 3), which were prepared on a basis consistent with that of the preceding year and in accordance with the accounting practice and financial arrangement described on page 7, present fairly the financial position of the revolving fund at June 30, 1971, and the results of its operations and the sources and application of its funds for the year then ended.

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AT ARMS, UNITED STATES
SENATE*

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FUND, FISCAL YEAR 1971 B-125079

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CHAPTER 1

INTRODUCTION

The General Accounting Office audit of the SENATE RECORDING STUDIO REVOLVING FUND for the fiscal year ended June 30, 1971, was made in accordance with generally accepted auditing standards and included a review of the controls over equipment and inventories, an examination of selected financial transactions, and such other auditing procedures as we considered necessary. We also made the accounting entries necessary to close the books and prepared the accompanying financial statements (schs. 1 through 3).

The Senate Recording Studio was established pursuant to the provisions of section 105 of the Legislative Branch Appropriation Act, 1957 (2 U.S.C. 123b). The Studio is operated by the Sergeant at Arms of the Senate under the direction and control of the Senate Committee on Rules and Administration. The Studio makes film, video tape, and audio tape recordings for the Vice President and for members and committees of the Senate. The prices or rates to be charged for services are set by the Committee on Rules and Administration.

The Studio operations are financed through a revolving fund and from appropriated funds. All moneys received are deposited into the revolving fund and are available for the operation of the Studio. Employee salaries and benefits and certain other operating expenses, such as utilities, are paid from appropriated funds. These payments are not recorded in the Studio's accounting records but are shown as a footnote to the financial statements.

CHAPTER 2

FINANCIAL POSITION

A comparative statement of assets and liabilities of the revolving fund on June 30, 1971 and 1970, is presented as schedule 1. The following comments relate to items shown on this statement.

CASH (U.S. TREASURY)

The cash balance at June 30, 1971, was \$432,967, a decrease of \$405,897 from the balance at June 30, 1970. The decrease was due mainly to expenditures for video tape equipment. The cost of this equipment amounted to \$457,876 at June 30, 1971.

ACCOUNTS RECEIVABLE

Accounts receivable amounted to \$30,744 at June 30, 1971, a decrease of \$13,174 from the amount outstanding at June 30, 1970. We did not obtain confirmations of receivables; however, our examination showed that, of the June 30, 1971, balance, \$10,920 was collected during July.

A comparison of the ages of accounts receivable at June 30, 1971 and 1970, follows.

<u>Days outstanding</u>	<u>June 30, 1971</u>		<u>June 30, 1970</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
1 through 59	\$20,909	68.0	\$21,012	47.8
60 " 89	2,957	9.6	7,198	16.4
90 " 119	2,787	9.1	1,709	3.8
120 or more	<u>4,091</u>	<u>13.3</u>	<u>13,999</u>	<u>32.0</u>
Total	<u>\$30,744</u>	<u>100.0</u>	<u>\$43,918</u>	<u>100.0</u>

The facilities were required because of the demand from Senators for services which could not be satisfied by the old facilities due to limited space and equipment. The new Studio, in addition to providing video tape services, has the in-house capability to develop color film. This capability has resulted in reducing the time to process film from 6 days to less than 1 day.

CHAPTER 3

OPERATIONS

A comparative statement of revolving fund operations for the fiscal years ended June 30, 1971 and 1970, is presented as schedule 2. The excess of revenue over costs amounted to \$10,557 for fiscal year 1971 compared with \$104,360 for fiscal year 1970. The decrease is due partially to the loss incurred on the operation of the video equipment, which resulted primarily from the depreciation expense of \$35,427 associated with the video equipment, and to the decrease in sales during the year.

CHAPTER 4

OPINION OF FINANCIAL STATEMENTS

The accompanying financial statements were prepared by us from the Studio's accounting records which were maintained on the accrual basis. Employee salaries and benefits and certain other operating expenses were paid from appropriated funds and are shown in a footnote to the financial statements.

In our opinion, the financial statements (schedules 1, 2, and 3), which were prepared on a basis consistent with that of the preceding year and in accordance with the accounting practice and financial arrangement described above, present fairly the financial position of the Senate Recording Studio Revolving Fund at June 30, 1971, and the results of its operations and the sources and application of its funds for the year then ended.

FINANCIAL STATEMENTS

S E N A T E R E C O R D I N G S T U D I O
REVOLVING FUND

COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES

JUNE 30, 1971 AND 1970

A S S E T S

	<u>1971</u>	<u>1970</u>
CURRENT ASSETS:		
Cash (U.S. Treasury)	\$ 432,967	\$ 838,864
Accounts receivable	30,744	43,918
Inventory of materials and sup- plies, at cost	26,731	20,364
Work in process	17	112
Prepaid bond premiums	<u>112</u>	<u>307</u>
Total current assets	<u>490,571</u>	<u>903,565</u>
FIXED ASSETS:		
Equipment and furnishings	714,553	243,920
Less depreciation	<u>187,827</u>	<u>134,149</u>
	<u>526,726</u>	<u>109,771</u>
New studio facilities	518,008	461,629
Less depreciation	<u>24,201</u>	<u>-</u>
	<u>493,807</u>	<u>461,629</u>
Tools and minor equipment	<u>750</u>	<u>750</u>
Total fixed assets	<u>1,021,283</u>	<u>572,150</u>
TOTAL ASSETS	<u>\$1,511,854</u>	<u>\$1,475,715</u>

L I A B I L I T I E S A N D C A P I T A L		
	<u>1971</u>	<u>1970</u>
CURRENT LIABILITIES:		
Accounts payable	\$ <u>37,265</u>	\$ <u>11,633</u>
 CAPITAL AND EXCESS OF REVENUE OVER COSTS:		
Contributed capital	183,619	183,619
Standby equipment--donated	<u>-</u>	<u>50</u>
	<u>183,619</u>	<u>183,669</u>
 Excess of revenue over costs:		
Balance prior years	1,280,413	1,176,053
Fiscal year	<u>10,557</u>	<u>104,360</u>
	<u>1,290,970</u>	<u>1,280,413</u>
 Total capital and excess of revenue over costs	<u>1,474,589</u>	<u>1,464,082</u>
 TOTAL LIABILITIES AND CAPITAL	<u>\$1,511,854</u>	<u>\$1,475,715</u>

SENATE RECORDING STUDIO

REVOLVING FUND

COMPARATIVE STATEMENT OF OPERATIONS

FISCAL YEARS ENDED JUNE 30, 1971 AND 1970

	<u>Motion picture</u>		<u>Radio</u>		<u>Video</u>		<u>Total</u>	
	<u>1971</u>	<u>1970</u>	<u>1971</u>	<u>1970</u>	<u>1971</u>	<u>1970</u>	<u>1971</u>	<u>1970</u>
REVENUE:								
Sales	\$84,899	\$117,661	\$37,149	\$73,599	\$35,796	-	\$157,844	\$191,260
COSTS:								
Film, radio, video materials	43,019	50,634	6,092	6,661	12,195	-	61,306	57,295
Outside processing	846	9,393	-	-	-	-	846	9,393
Maintenance and repairs	1,551	321	255	921	6,793	-	8,599	1,242
Maintenance supplies	877	852	180	329	34	-	1,091	1,181
Office supplies and expense	240	233	240	213	241	-	721	446
Insurance	73	66	74	67	74	-	221	133
Depreciation of equipment	14,176	14,923	699	920	35,427	-	50,302	15,843
Loss on disposition of fixed assets	-	357	-	227	-	-	-	584
Loss on disposition of inventory	-	427	-	356	-	-	-	783
Depreciation--new studio facilities	8,067	-	8,067	-	8,067	-	24,201	-
Total costs (note a)	68,849	77,206	15,607	9,694	62,831	-	147,287	86,900
Excess of revenue over costs or excess of costs over revenue (-)	\$16,050	\$ 40,455	\$21,542	\$63,905	-\$27,035	-	\$ 10,557	\$104,360

^aSalaries of \$237,214 (\$190,823 in fiscal year 1970), employee benefits, and certain other operating expenses of the Studio have been provided for by appropriations and are not included as expenses in determining the excess of revenue over costs of the revolving fund.

S E N A T E R E C O R D I N G S T U D I O

REVOLVING FUND

COMPARATIVE STATEMENT OF

SOURCES AND APPLICATION OF FUNDS

FISCAL YEARS ENDED JUNE 30, 1971 AND 1970

	<u>1971</u>	<u>1970</u>
FUNDS PROVIDED:		
Sales	\$157,844	\$191,260
Decrease in working capital	<u>438,627</u>	<u>209,055</u>
Total funds provided	<u>\$596,471</u>	<u>\$400,315</u>
FUNDS APPLIED:		
Costs (excluding depreciation and other items not requir- ing current outlay of funds)	\$ 72,784	\$ 70,473
Equipment additions	467,308	2,683
New studio facilities	<u>56,379</u>	<u>327,159</u>
Total funds applied	<u>\$596,471</u>	<u>400,315</u>

APPENDIX

ROBERT G. DUNPHY
SERGEANT AT ARMS

United States Senate

OFFICE OF THE SERGEANT AT ARMS
WASHINGTON, D.C. 20510

June 28, 1971

B-125079

The Honorable Elmer B. Staats
Comptroller General of the United States
Washington, D.C.

Dear Mr. Staats:

Please arrange to have the annual audit made on the Senate Recording Studio's Revolving Fund for the fiscal year ending June 30, 1971, pursuant to the regulations of the Senate Committee on Rules and Administration which direct me to "request the General Accounting Office to verify a yearly inventory and the books and collateral records as of the end of each fiscal year."

Your auditors may start on this at any time.

As Mr. Bernard A. Brady, of your staff, has a thorough background on the Studio, I would appreciate it if he may be permitted to supervise this undertaking.

Sincerely,


Robert G. Dunphy
Sergeant at Arms

RGD:mar